

EQUINOX RESOURCES LIMITED
ACN 650 503 325

SUPPLEMENTARY PROSPECTUS

1. IMPORTANT INFORMATION

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with the prospectus dated 31 August 2021 (**Prospectus**) issued by Equinox Resources Limited (ACN 650 503 325) (**Company**).

This Supplementary Prospectus is dated 7 September 2021 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus should be read together with the Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be issued with the Prospectus in hard copy or as an electronic copy and may be accessed on the Company's website at www.eqnx.com.au.

This is an important document and should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

2. REASONS FOR THE SUPPLEMENTARY PROSPECTUS

The Supplementary Prospectus has been prepared to provide investors with additional information in relation to the interest of Mr Hugh Callaghan (a Director) in Pathfinder, the Company's process in negotiating the terms of the Secondary Offers, the basis for the acquisition price of the exploration and evaluation assets and the dilution effect of the Options and Performance Shares issued under the Prospectus.

The content of this Supplementary Prospectus is not considered by the Company to be materially adverse to investors. No offers have been made under the Prospectus as at the date of this Supplementary Prospectus.

3. AMENDMENTS TO THE PROSPECTUS

The Prospectus is amended as set out below.

3.1 Secondary Offers

A new Section 4.7.4 is inserted as follows:

4.7.4. Negotiation of the Secondary Offers

Mr Sufian Ahmad is a director of Pathfinder and is also the sole director and sole shareholder of Sixty Two Capital, one of the Joint Lead Managers. Director, Mr Callaghan, is also a director of Pathfinder, one of the Vendors.

Set out below is a summary of the processes undertaken by the Company to ensure that each of the respective Offers was negotiated independently.

Consideration Offer

At the time the Company entered into discussions with Pathfinder and Cazaly in respect of the Consideration Offer, Mr Callaghan was not a director of Pathfinder (he was appointed as a director of Pathfinder on 4 June 2021). After Mr Callaghan joined the board of directors of Pathfinder, he recused himself from all negotiations (including those with Cazaly's subsidiary Lockett with which he has no relationship) and did not vote on the Company's entry into the Acquisition Agreement. Instead, Mr Daniel Taylor and Mr Mena Habib, neither of whom is a director of Pathfinder or Cazaly, resolved to approve the Acquisition Agreement. As noted in Section 8.3, Mr Mena Habib holds 2,631,807 shares in Pathfinder. Mr Habib has advised that his shareholding did not preclude him from voting on the Acquisition as his shareholding was not considered to be material.

The basis for the acquisition price was concluded upon completion of a thorough review of the West Australian iron ore market which included consideration of the tier-one asset jurisdiction, and ASX listed peer comparisons to the Hamersley Iron Ore Project.

The Board believes that the acquisition price payable to Pathfinder and Cazaly represents a fair outcome for the Company.

Joint Lead Manager Offer

The Joint Lead Manager Mandate (which sets out the terms and conditions of the Joint Lead Manager Offer) was negotiated between the Company and each Joint Lead Manager.

Mr Ahmad is the sole director and sole shareholder of Sixty Two Capital and a director of Pathfinder. The Company considers that Mr Ahmad's interest in Pathfinder did not affect the negotiations. To the extent that there is any conflict between his duties as a director of Sixty Two Capital and Pathfinder, Mr Ahmad has advised that he would abstain from negotiations and discussions as part of the board of directors of Pathfinder. Such an outcome would not affect Sixty Two Capital's ability to perform under the Joint Lead Manager Mandate.

The Company considers that the risk of conflict is mitigated by the fact that Sixty Two Capital and Canaccord are acting as Joint Lead Managers to the Public Offer.

The Board believes that consideration offered under the Joint Lead Manager Mandate is consistent with or favourable to prevailing market rates for the services to be performed.

Options Offer

The Options Offer was negotiated as part of each Director's engagement with the Company prior to their appointment. The number of Options

agreed to be awarded to the respective Directors and their terms are considered consistent with prevailing market rates.

3.2 Capital Structure

The following paragraph is inserted at the end of Section 5.6:

Potential Dilution

In the event that all of the Options and Performance Shares are exercised or converted into Shares, the Shares on issue will be diluted as follows:

	Minimum Subscription	Maximum Subscription
Shares on issue	85,500,001	95,500,001
Total Options on completion of the Offers	15,000,000	17,000,000
Total Performance Shares on completion of the Offers	8,500,000	9,500,000
Dilution Effect for Shareholders if Options and Performance Shares are exercised	21.56%	21.72%

3.3 Pro Forma Transactions

The following paragraph is inserted at the end of Section 6.7:

Acquisition of the Hamersley Iron Ore Project

The acquisition of 100% of the Hamersley Iron Ore Project has been accounted for as an asset acquisition as follows:

	\$
Consideration	
Acquisition costs	500,000
50,000,000 Shares with a fair value of \$0.20 per Share	10,000,000
Total Exploration and Evaluation	10,500,000

Notes:

- Acquisition costs includes an allowance for transfer duty subject to Office of State Revenue assessment.
- The following relate to deferred consideration payable to the Vendors in accordance with the Acquisition Agreement:
 - the issue of between 8,500,000 Performance Shares and 9,500,000 Performance Shares (which will be issued on a pro rata basis based on the level of subscription under the Public Offer), which will convert into Shares within 24 months upon the Company announcing to the ASX a positive Preliminary Feasibility Study in relation to the Hamersley Iron Ore Project, confirming the Hamersley Iron Ore Project is commercially viable;
 - the payment to Pathfinder of a fixed royalty of USD\$0.70 per metric tonne of iron ore which is extracted and sold or otherwise disposed of from the area within the boundaries of the Hamersley Iron Ore Project (as those exist at the date of the Acquisition Agreement); and

- (c) the payment to Lockett of a fixed royalty of USD\$0.30 per metric tonne of iron ore which is extracted and sold or otherwise disposed of from the area within the boundaries of the Hamersley Iron Ore Project (as those exist at the date of the Acquisition Agreement).

The Board cannot predict whether the achievement of the above milestones is probable at the date of this Prospectus. As a result, no value has been recorded for this deferred consideration.

3.4 Significant Accounting Policies

The following paragraph is inserted at the end of Section 6.8(n)(ii):

(iii) **Business combinations**

The Company assesses its business combination transactions under AASB 3 – Business Combinations. In defining whether an acquisition meets the relevant definition criteria of the purchase of a business, the Company makes reference to whether the three elements of a business as per the Australian Accounting Standards are met – whether the acquiree possesses the relevant Input, Process and Output in paragraphs B7 of Appendix B of AASB 3.

In the case where the definition of a business is not met, the Company accounts for an acquisition as an asset purchase and therefore measures the transaction in-line with the relevant policies for the classification of asset being purchased. For the pro forma adjustments that account for the acquisition of the Hamersley Iron Ore Project, as demonstrated in Note Exploration and Evaluation Expenditure in Section 6.7 above, the Company has determined that this acquisition is an asset purchase with the underlying asset meeting the definition of an Evaluation and Exploration asset the accounting treatment of which is described in Section 6.8(g) above. The underlying asset values have been calculated using the principals of AASB 2, with reference to the share values being offered under this Prospectus. All transaction costs and consideration have been capitalised to Evaluation and Exploration asset accordingly.

3.5 Disclosure of Interests

In Section 8.3 of the Prospectus, the following is added to the end of the Section:

Interests in Pathfinder

As at the date of this Prospectus, Directors hold the following securities in the Pathfinder.

Director	Shares
Mr Rod Baxter	Nil
Mr Daniel Taylor	Nil
Mr Hugh Callaghan	Nil
Mr Mena Habib	2,631,807

Interests in Cazaly

As at the date of this Prospectus, none of the Directors hold any securities in Cazaly.

4. CONSENTS

The Company confirms that as at the date of this Supplementary Prospectus, each of the parties that have been named as having consented to being named in the Prospectus have not withdrawn that consent.

5. DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.



Mr Daniel Taylor
Managing Director
For and on behalf of
EQUINOX RESOURCES LIMITED